

# Quarterly Business Report

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Third Quarter 2013

## ***Dear Business Leader:***

During the third quarter of 2013, my office methodically prepared and organized for the looming changes in state and federal laws that significantly affect Nevada businesses, investors, and military and overseas voters.

We fought hard to pass Senate Bill 60 during the 2013 legislative session because of increasing national scrutiny of Nevada's registered agent practices and limited business entity information. A key part of the bill revises the registered agent listing provisions in Nevada Revised Statutes to ensure the state's business advantages remain among the most competitive in the nation.

We continue to make inroads with state and local agencies to bring them onboard as partners of SilverFlume, Nevada's Business Portal. Since SilverFlume went live in September 2012, the website has processed \$75 million in revenue and more than 300,000 customer transactions.

The Securities Division persists in preventing cases of fraud before they occur. Regulation D Rule 506(c) of the federal JOBS Act allows companies to directly solicit investors and advertise the sale of securities, a first in nearly 80 years. The rule went into effect on September 23, and our investigators are on the alert for any suspicious activity.

As Nevada Secretary of State, it is my honor to do everything in my power to improve the voting process for our military and overseas citizens. While they are in other parts of the world ensuring our safety, we here in Nevada passed legislation and received grant money to establish measures, such as accepting digital and electronic signatures, that allow them to cast their ballots more easily.

Thank you for allowing me to share our news and continue to serve as your Secretary of State. We're looking forward to finishing 2013 just as strongly as we started it.

Respectfully,



## **Inside This Issue**

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*Secretary of State Ross Miller was the keynote speaker at the annual NAACP Tri-State Conference on September 20-22, 2013 in Las Vegas.*

# Registered Agents Representing 10 or More Entities Are Now Commercial

Nevada has come under significant federal and media scrutiny for its limited business entity information and for registered agent practices involving business entity creation and related services. The passage of Senate Bill 60 during the 2013 legislative session revises the Registered Agent Listing provisions in NRS Chapter 78 (now moved to NRS Chapter 77) to ensure that registered agents representing Nevada entities have not been convicted of or otherwise disciplined for activities containing an element of fraud or deception.

Under SB 60, registered agents who represent 10 or more Nevada entities or Nevada Qualified foreign entities are now considered commercial registered agents (CRA), and must register as such effective October 1, 2013. In addition to the information that is already required, CRAs must include the following in their Commercial Registered Agent Registration Statement:

- The name, address, and telephone number of the individual who has the authority to act on behalf of the CRA.
- A statement from the individual registering as a CRA, or that each director, officer or managing agent of a commercial registered agent has not been convicted of a felony. If the individual has been convicted of a felony, a statement that the individual has had his or her civil rights restored.

- A statement that the CRA has not had his or her ability to serve as a CRA, or a director, officer or managing agent of a CRA denied or revoked by appropriate authority of this state or another state, or enjoined by a court of competent jurisdiction from serving as a registered agent because the individual engaged in conduct as a registered agent that was intended to or likely to deceive or defraud the public.
- The secretary of state's office may require additional information deemed appropriate in the registration statement, but no additional information has been determined at this time.
- The Commercial Registered Agent Registration Statement must be signed under penalty of perjury by the individual, or by an individual authorized to sign the statement on behalf of the entity.

The current \$75 registration fee is eliminated since the designation is no longer optional. These changes to the law are similar to what has been enacted in Delaware and Wyoming, bringing Nevada up to par with states whose business advantages are competitive with the Silver State's.

## Reduce the Time You Spend with Us; Our Feelings Won't Be Hurt

Do you want to reduce the time you spend filing paperwork with our office, and other state agencies? Here's a simple solution: be a SilverFlume customer.

SilverFlume, Nevada's Business Portal, collects basic information such as a contact name, email, organization, and contact details that nearly every Nevada governmental agency requires. We refer to this information as Common Business Registration (CBR) data. All SilverFlume partners (currently many state and regulatory agencies) can access customers' CBR data at the click of a button. The integrated service enables you to enter the information just once when interacting with different agencies, helping all parties save time and effort. Future services within SilverFlume will allow you to process licenses from municipal agencies throughout Nevada.

For companies that are just getting off the ground, SilverFlume's New Business Checklist tool informs potential customers about the licenses necessary to begin operating. The website's operating wizard guides customers through each licensing process in the correct order, eliminating the guesswork that often accompanies bureaucratic procedures. SilverFlume customers can also opt to receive electronic renewal notifications for each license, which provides plenty of time to renew before the due date.

SilverFlume also offers free Digital Operating Agreement software to LCCs, whose partners can electronically collaborate, document, formalize and store decisions related to roles, values and goals, contributions, allocation of profits and losses, transfers of interest, and other common areas – all at no charge.

What are you waiting for? Get started today at [www.nvsilverflume.gov](http://www.nvsilverflume.gov)!



### SilverFlume Updates

#### Did you know that since the end of July 2013...?

- \* Since SilverFlume went live in September 2012, the website has processed \$75 million in revenue and more than 300,000 customer transactions.
- \* The Nevada Department of Public Safety is now a partner of SilverFlume.
- \* The Nevada Governor's Office of Economic Development identified several businesses for its export outreach due to SilverFlume's Common Business Registration (CBR) feature.
- \* The City of Fernley and Churchill County joined SilverFlume and now have access to customers' CRB data at no cost.

## Under Regulation D Rule 506(c), general solicitation of private offerings allows scammers to connect directly with investors

For the first time in nearly 80 years, private startups and small businesses can raise investment funding publicly, possibly opening a floodgate of securities fraud. On September 23, 2013, Regulation D Rule 506 (c) of the Securities Act went into effect, permitting companies to publicly solicit investors and advertise the sale of securities without registering the offering with either the Securities and Exchange Commission (SEC) or any state, if certain requirements are met. These investments may be sold via television commercials, newspaper ads, internet sales and cold calls.

In April 2012, Congress passed the Jumpstart Our Business Startups (JOBS) Act which changed the way that Regulation D Rule 506 offerings can be sold. Private placement offerings of securities, such as stocks, bonds and other instruments, are exempt from SEC registration requirements, and the state of Nevada does not review them to make sure the risks or material information about the company is adequately disclosed.

“This rule change provides a new solicitation platform that is another avenue for swindlers to scam investors, so I urge investors to perform due diligence and thoroughly check the offerings before investing,” said Secretary of State Ross Miller.

Previously, Rule 506 offerings were only made known to investors through their investment professionals or word of mouth. Individuals may use Regulation D 506 (c) exemptions to commit fraud, so investors should understand the following:

- These offerings often involve companies with a limited history.
- There may not have been a regulatory background check of the sellers, managers or officers of the company issuing the investment.
- They often promise higher rates of return – and come with a higher risk.
- These securities are generally illiquid, which means you may have a limited ability to get out of the investment and may hold it indefinitely.
- You may be offered less information than a public offering.
- No regulator has confirmed that the risk disclosure or information about the company is adequate.

Regulation D Rule 506 investments, if sold via advertisements or general solicitation, may only be sold to accredited investors. An accredited investor is:

- A natural person must have a net worth, exclusive of your primary residence, of more than \$1 million, or
- Have had an income over \$200,000 individually, or \$300,000 with your spouse, in each of the last two years, and expect to earn the same amount this year.

For a complete summary of the proposed regulations that went into effect on September 23, [click here](#).

If you have any concerns or questions, or you are asked to submit a form that establishes you as an accredited investor and you are not, please contact the Nevada Secretary of State Securities Division at (702) 486-2440.



*Secretary of State Ross Miller toured The Gay and Lesbian Community Center of Southern Nevada's new location at 401 S. Maryland Pkwy. Staff and board members proudly showed their youth center, event space, library, café and health services center.*



# Nevada works to improve elections process for military, overseas voters

The Secretary of State’s office aims to improve the electoral process for Nevada’s military and overseas citizens, and we are happy to share two piece of news that will assist us with this objective.

During the 2013 legislative session, the Secretary of State’s office supported the passage of Assembly Bill 175, which allows Nevada’s UOCAVA voters to more easily register to vote, request their ballot, and cast their ballot in Nevada’s elections. The provisions of AB 175 allow county and city clerks to accept digital and electronic signatures, permitting military and overseas voters to receive and cast their ballots via email without requiring a printer and scanner.

Nevada was recently selected as one of five recipients of the Effective Absentee Systems for Elections 2 (EASE 2) research grant from the Federal Voting Assistance Program (FVAP) and awarded \$386,500 in grant money. This enables the Secretary of State’s office to enact measures to allow military and overseas voters to access their blank ballot via online systems prior to the 2014 primary election.

EASE 2 is the second round of grants from FVAP to states and local governments to explore technological improvements for military and overseas citizen voters. The EASE 2 grants fund two research areas:

- The development and effect of online blank ballot delivery tools.
- The establishment and effect of a single point of contract in a state election office for the transmission of election materials.

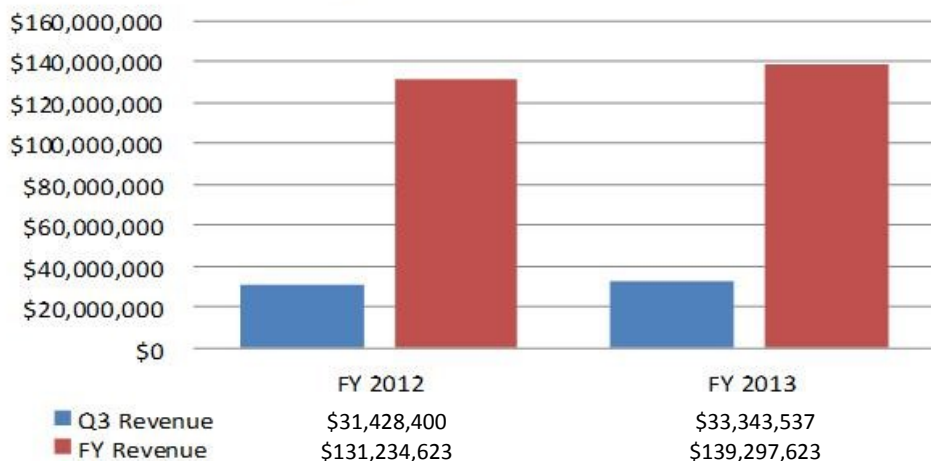
*Secretary of State Ross Miller traveled to the Middle East in September 2012 with U.S. Department of Defense officials to gain a first-hand knowledge of military and overseas voting issues. The stop included a tour and extensive presentation at the U.S. Army Post Office to learn how military ballots are processed and transported.*



Data received from grant recipients will enable FVAP to gauge the effectiveness of grant-funded programs in expanding a voter’s ability and opportunity to successfully receive, cast and return an absentee ballot.

These two efforts will help eliminate extra steps in the electoral process, making the system more accessible to Nevada’s military and overseas voters.

## Commercial Recordings Revenue Q3 '12 vs. Q3 '13



New and renewing business licenses remained steady during the third quarter of 2013, with a slight increase in revenue compared to the third quarter of 2012. Overall, FY 2013 has generated more revenue than FY 2012 during the same time period.

## Upcoming Notary Training Classes

Elko  
Red Lion Inn & Casino  
2066 Idaho Street  
October 29, 2013  
5 to 9 p.m.

Las Vegas  
Gold Coast Casino,  
Arizona Ballroom  
4000 W. Flamingo Road  
November 7, 2013  
8 a.m. to 12 p.m.

Carson City  
Carson City Nugget  
507 N. Carson Street  
December 11, 2013  
8 a.m. to 12 p.m.

Pre-registration required at  
[www.nvsos.gov](http://www.nvsos.gov)